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Washington, DC  
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June 13, 1994

Mr. William F. Caton  
Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, DC 20554

JUN 13 1994

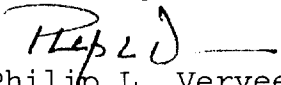
Re: Ex parte presentation in  
Docket No. 90-314 and ISP-94-002

Dear Mr. Caton:

C. Alan Peyser and Keith E. Bernard of Cable & Wireless, Inc. ("C&W") and I met with Chairman Reed E. Hundt and Karen Brinkmann in connection with C&W's Petition for a Declaratory Ruling and the Designated Entities issues under consideration in the Personal Communications Services Notice of Proposed Rulemaking.

We discussed the material in the accompanying presentation and opportunities that could arise from permitting foreign investment in designated entities.

Sincerely,

  
Philip L. Verveer

cc: Chairman Reed Hundt

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**CABLE & WIRELESS INC**

JUN 13 1994

## **CWI'S PETITION**

- THE PUBLIC INTEREST WARRANTS GRANT OF COMMON CARRIER RADIO LICENSES IN CASES IN WHICH U.K. ENTITIES POSSESS INDIRECT OWNERSHIP OR CONTROL INTERESTS IN RADIO LICENSEES IN EXCESS OF THE SECTION 310(b)(4) BENCHMARKS.
- WANTS EXPEDITIOUS GRANT OF ITS PETITION - AT LEAST CONTEMPORANEOUSLY WITH THE FINALIZATION OF THE FCC'S AUCTION RULES.
- WANTS U.K. CORPORATIONS TO BE PERMITTED TO PARTICIPATE IN SPECTRUM AUCTIONS AND OBTAIN RADIO LICENSES WITHOUT A SEPARATE SECTION 310(b)(4) DETERMINATION IN EACH CASE.

## **REGULATORY CONSIDERATIONS**

- SECTION 310(b)(4) RESTRICTIONS SERVE NO NATIONAL SECURITY INTEREST WITH REGARD TO U.K. HOLDING COMPANIES.
- GRANT WILL ENSURE CONTINUED OPENNESS OF THE U.K. MARKET.
- THE U.K. HAS NO FOREIGN OWNERSHIP LIMITS ON RADIO LICENSEES IN THAT COUNTRY.
- MANY U.S. CORPORATIONS HAVE OWNERSHIP INTERESTS IN U.K. RADIO LICENSEES.
  - US WEST - PCS
  - MILLICOM - BROADBAND WIRELESS LOCAL LOOP
  - MOTOROLA - PRIVATE MOBILE RADIO, PAGING
  - BELLSOUTH - PAGING
- SECTION 310(b)(4) UNDERCUTS THE U.S. NEGOTIATING POSITION FOR GREATER ACCESS TO OVERSEAS MARKETS.
  - RECENT EC DRAFT DIRECTIVE WOULD IMPOSE A 25% FOREIGN OWNERSHIP LIMITATION IN CONNECTION WITH LICENSES TO USE SATELLITE NETWORKS.
- THERE IS NO BASIS FOR ASSERTIONS THAT THE FCC LACKS AUTHORITY TO MAKE COUNTRY-BY-COUNTRY EQUIVALENCY DETERMINATIONS ON FOREIGN OWNERSHIP.

## OPPOSITIONS

### AT&T:

- URGES FCC TO REJECT BLANKET WAIVERS OF SECTION 310(b)(4).
- ADVOCATES CASE-BY-CASE APPROACH FOR 310(b)(4) WAIVERS.
- ADVOCATES "COMPARABILITY" AS THE APPROPRIATE STANDARD TO PERMIT FOREIGN CARRIERS TO OWN COMMON CARRIER LICENSED FACILITIES.
- ARGUES THAT THE U.K. FAILS COMPARABILITY STANDARD WITH U.S.

### SPRINT:

- ARGUES AGAINST FCC GRANT OF BLANKET WAIVERS.
- POINTS TO HARDSHIPS IN OBTAINING A PTO LICENSE AND POSSIBLE INTERCONNECTION PROBLEMS AS REASONS FOR INEQUIVALENCY OF U.K. MARKET.

### McCAW:

- ADVOCATES A CASE-BY-CASE APPROACH TO WAIVERS.

## **SUPPORTING COMMENTS**

### **NYNEX:**

- GRANT OF PETITION WILL PROMOTE SIGNIFICANT PUBLIC BENEFIT FOR THE PCS MARKET.
- GRANT WILL HELP ENSURE THE OPENNESS OF THE U.K. MARKET FOR U.S. INVESTMENT.

### **US WEST:**

- THE U.S. IS NOT EQUIVALENT TO THE U.K. REGARDING RADIO LICENSES - USES ITS 50% INTEREST IN "MERCURY ONE-2-ONE" IN THE U.K. AS AN EXAMPLE.
- THE BEST MEANS TO OPEN FOREIGN MARKETS TO U.S. FIRMS IS TO POINT TO THE OPENNESS OF THE U.S. MARKET TO FOREIGN FIRMS.

### **COMSAT:**

- SUPPORTS PARTICIPATION BY CWI IN THE UPCOMING ACTIONS OF PCS SPECTRUM.
- GRANT WILL HELP PREVENT IMPOSITION OF EVEN GREATER CONTROLS ON U.S. OWNERSHIP OF SIMILAR FACILITIES IN FOREIGN COUNTRIES.

### **GTE:**

- NO OBJECTION TO CWI HOLDING MORE THAN 25% INTEREST IN RADIO LICENSES.

### **OTHERS:**

- BT, GEOTEK, SECURICOR, AND UNIVISA ALSO SUPPORT CWI'S PETITION.

## **SUMMARY**

- THE FCC HAS THE AUTHORITY TO MAKE THE DECLARATORY RULING THAT CWI SEEKS.
- CWI'S PETITION HAS BROAD-BASED SUPPORT IN THE U.S.
- THE U.K. HAS NO FOREIGN OWNERSHIP LIMITS ON RADIO LICENSEES.
- GRANT OF CWI'S PETITION WILL SERVE THE PUBLIC INTEREST.